

SGFOIA3 X WORLD REPORT

INSIDE THE COVERT MILITARY OPERATIONS OF THE REAGAN ERA

BY STEVEN EMERSON

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EXCLUSIVE
PRIVATE NOTEBOOKS

SECRET WARRIORS

A forthcoming book on the secret military operations undertaken during the Reagan era provides an unmatched account of the nation's most classified intelligence and counterterrorist units. The result of a yearlong investigation into these Pentagon operations shows how, after the failure of the Iran rescue mission in 1980, covert operations shifted from the Central Intelligence Agency to the Pentagon, which, in effect, established a "mini-CIA" in its basement

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or the soldiers and officers on the C-141 transport plane flying westward across the ocean to Virginia, there was probably no sadder moment. During the 14-hour trip from Egypt back to the U.S., the men, all members of an elite antiterrorist force, sat in stunned silence. To be sure, they were survivors. But what was that worth? On April 24, 1980, they had conducted a historic raid to free American hostages held in Iran. The mission failed, men were killed. And now, instead of a triumphal ride home alongside the liberated hostages, the soldiers were flying back in silence, disconsolate—and without the hostages.

As a result of the failure of the Iran hostage-rescue mission at Desert One in 1980, the most fundamental assumptions about American efforts to combat terrorism abroad came into question. Other countries, after all, had managed more difficult missions with aplomb. Why



couldn't the United States get its act together? It was a gnawing question. And a small group in the Pentagon quickly began wrestling with an answer. The Desert One operation threw together a hodgepodge of weapons and units—and chaos resulted. A second mission would not make the same mistake. This was to be called "Operation Snow Bird." And it would be a model for the elite quick-strike units that would evolve within the Pentagon in the administration of Ronald Reagan. Indeed, the man assigned to head Snow Bird in the waning days of the Carter administration would be

scandal. How, for instance, had covert operations units developed within the most sensitive foreign policy initiatives? And why did Marine Lt. Col. Oliver North find it so remarkably easy to establish the Iran-Contra "Enterprise"—the "off-the-shelf, self-sustaining entity" dreamed of by the late director of central intelligence, William Casey?

In search of hostages

In large measure, the answers to these and other questions can be found in an examination of the antiterror units developed in the innermost recesses of the Pentagon in the aftermath of the Iran rescue mission. With the Central Intelligence Agency constrained on many fronts, the Pentagon units seemed especially appealing. And each new success fed the appetite for more. But herein lies the central paradox of covert military operations. On the one hand, they are valuable and necessary instruments for the United States in gathering intelligence and fighting terrorism. On the other, covert actions have demonstrated a historical propensity for abuse, and there are decided limits facing those inclined to action. Based on hundreds of interviews and thousands of pages of documents obtained under the Freedom of Information Act and from government sources, a yearlong investigation of the still classified Pentagon units provides the most detailed portrait to date of the successes and failures of the U.S. military's secret warriors. Among the principal findings:

- In 1985, while Colonel North and others in the administration were attempting to secure the release of the hostages in Beirut, U.S. intelligence had located the house in which five of the six Americans were being held. A detailed military rescue mission was planned in 1986, but it was scrapped when the Iran-Contra affair began to unfold (page 26).
- As far back as 1981, intelligence agents from the Pentagon relied on psychics, first to help determine the whereabouts of a kidnapped U.S. general in Italy (page 28) and later to locate the Beirut headquarters of the Iran-backed Hezbollah organization, believed to be the keepers of the U.S. hostages.
- Following the terrorist bombing of the U.S. Marine barracks in Beirut, in which 241 Americans died, the Pentagon dispatched an elite team to Beirut to investigate intelligence problems and arrange logistics for a possible retaliatory mission (page 31). The five-person team, including a female agent named "Becky," spent more than a month combing the back alleys of Beirut, devising several methods of infiltrating commandos should a decision be made to go after the terrorists.
- Over several years, evidence shows, the CIA—despite laws to the contrary—exploited the secret Pentagon units to carry out covert operations in Central America to further the cause of the Contra rebels fighting the Sandinista government in Nicaragua. One such unit, known as "Yellow Fruit," was ultimately closed

come nationally infamous in the waning days of Reagan. He was an Air Force major general named Richard Secord. And he wound up at the very heart of the Iran-Contra arms-for-hostages affair, the worst scandal of the Reagan Presidency.

Even as some of the key players in that drama await a grand jury's decision on criminal indictments (which could come as early as this week), it is clear now—despite more than a year of inquiries by congressional panels, a presidential review board and a special prosecutor—that much still is unknown about the origins of the

PENTAGON DIRECTORY

Beta Force: *The military's quick-strike antiterrorist force.*

Intelligence and Security Command: *The branch of the Army traditionally responsible for its intelligence operations and units.*

Intelligence Support Activity: *The Pentagon's most classified intelligence-gathering and counterterrorism unit.*

Joint Special Operations Command: *The umbrella military command in charge of all military counterterrorist forces.*

Seaspray: *The classified CIA-Army aviation unit. Seaspray has participated in operations in the Middle East, Grenada, Central America and Southeast Asia.*

Snow Bird: *The classified second 1980 Iran rescue-mission effort led by Air Force Maj. Gen. Richard Secord.*

Special Operations Division: *The Army staff organization responsible for coordinating Army special operations and counterterrorist units.*

Quick Reaction Team: *A small, elite Army counterintelligence unit.*

Yellow Fruit: *The Army's classified operational-security/counterintelligence project designed to support Pentagon covert operations. It became, however, part of an unauthorized CIA cell in the Army.*

specialists and a black-money expert, Longhofer,

stone with a tile roof

would leave from the Army and set up a "private" consulting firm.

Longhofer's plan was to recruit ex-Army specialists to assist overseas firms seeking security for overseas operations. In truth, it would engage in no private commercial business whatsoever. Amazingly, the top Army leadership was never fully briefed about Yellow Fruit operating as a commercial entity, or outside the Pentagon. But in July, 1983, BSI opened in a suite of commercial offices that rented for \$4,000 per year a distance from the Pentagon, a 15-minute drive from the Pentagon. Yellow Fruit members projected the appearance of a very successful business, but the money was flowing perhaps too easily. Indeed, maintaining cover became a license to spend money extravagantly.

Too close for comfort

There were other complications as well. From the low point it had reached during the Iran rescue mission, the trust between the CIA and the Defense Department had gradually been restored. Through the successful covert operations run by the Special Operations Division, the Army demonstrated to the CIA its seemingly unlimited amounts of money, skilled manpower, modern equipment and ability to work under deep cover. But with increasing pressure from the CIA to get the secret units more deeply involved in Central America, Secretary of the Army John Marsh thought the relationship was becoming too close.

On March 9, 1983, Marsh sent an unusual

memo: "For God's sake, thought Col. Norman [Dozier] that he could be killed." The memo, dated April 10, 1983, later, the Dozier-like could apply to any one of 17 million, neither. It's his house."

The liaison treated the information very seriously, and within days had identified a house matching the details.



General Dozier

tion. At night, a 500-man battalion was dispatched to the area, and soldiers quietly took up positions around the house. At dawn, the *carabinieri* launched an assault on the home. They found an innocent Italian family living there.

Dozier finally was rescued after U.S. Army counterintelligence agents, who had been tracking radio transmissions of Red Brigade members, located an apartment building in Padua. Tapping electric lines, the agents

found the eighth floor, which the eighth floor had a second floor apartment that was using far more electricity than it had over the past few months. At around noon on January 28, 10 Italian antiterrorist commandos raided the place. Afterward, American authorities enthusiastically thanked the Italians. Publicly, they maintained, no U.S. assistance had been given. ■

by Seaspray carrying commando units on an exercise

of all the signal intelligence collected by the United States between 1982 and 1984—there were problems. And keeping the operation from becoming exposed was getting increasingly difficult. So Longhofer and his aides decided to create a top-secret program that would provide additional operational security and counterintelligence for the Central American mission, as well as for other Army classified counterterrorism and special-intelligence operations. The new program was code named Yellow Fruit.

Yellow Fruit was unlike anything the Army had done before. It would operate under commercial cover outside the Pentagon. Eventually, it would grow to a staff of nine, including counterintelligence agents, high-tech surveillance

build it by the next morning—before workers arrived.

Arriving in West Germany through other countries to avoid being followed, the QRT agents met their military-intelligence colleagues who had arranged for them to enter the Opel plant at night by bribing security guards. An Army agent had already been working at the plant for some time, posing as a Turkish worker. By arrangement an almost finished Soviet car had been left in the

garage. Since the Soviets could be expected to scrutinize the car rigorously, even disassembling it to find bugs, the devices had to be embedded in the structure. Methodically, the agents took the car apart and inserted the transmitter into the chassis.

They carefully removed the car's headlining and put tiny microphones in various spots such as above the clothes hook in the back seat. The microphones were then attached to a transmitter in the A-frame through microthin wires embedded in the chassis. The only way the Soviets could have detected the transmitter



Noriega

was by destroying the car. By morning, the QRT had finished its job. Soon thereafter, the Soviets took delivery. U.S. intelligence operatives trailed it to monitor sensitive conversations, and followed the Soviets as they contacted local agents. The mission was so successful that a number of Soviet agents were identified and several Russian codes were broken. Ultimately, more than a dozen Soviet cars were secretly outfitted with tracking and bugging devices.

But the QRT project failed, however. In Panama, the team, attempting to bug the home of Gen. Manuel Antonio Noriega, fumbled badly. Two unarmed agents began making their way across the yard of a luxurious Noriega residence near Panama City when suddenly a chorus of fierce barks from attack dogs rasped through the air. The agents barely escaped down an 8-foot wall as armed guards opened fire. Another attempt met with better results. QRT agents succeeded in planting a bug in a lavish Noriega apartment. But six tapes, each 90 minutes long, failed to yield any significant intelligence on Noriega.

King Air flew lazy figure eights as it covered large tracts of territory. At night, the crew re-

ITALY

ITALY, March 17, 1987, 10:15 a.m.: James Lee Dozier, the highest ranking U.S. Army officer in NATO's Southern Europe command, was relaxing in his sixth-floor apartment in Verona, Italy. At 5:39 p.m., he heard the door bell ring. The two men standing outside the door identified themselves as plumbers and said that a leak from Dozier's bathroom was causing water to seep into the apartment below. Just after the general let them in, two other "plumbers" appeared carrying a trunk. Dozier was put in it.

Several hours later, the Red Brigades terrorist organization claimed credit for Dozier's abduction. Dozier was the first American and first U.S. military officer kidnapped by terrorists. And the Pentagon undertook a massive operation, code named Winter Harvest, to find the general. It wouldn't be easy.

A detachment from the Intelligence Support Activity (ISA) was able to lock onto the radio transmissions between the terrorists. And, with help from the Nations' Security Agency, ISA had helped the Italians to locate a series of Red Brigade hideouts. But they still had to find Dozier.

In its efforts to find Dozier, the Pentagon even turned to psychics. Many were interviewed at the Pentagon, and a half dozen were sent over to Italy. One psychic arrived in Vincenza and described to military officials his vision of where Dozier was being held captive: "I see a small house, made of

some going up there," he added. Another went to a nicely furnished house in a well-to-do part of town. The crew and plane supposedly belonged to a U.S. company doing electromagnetic and navigation surveys for the Honduran government. Had the plane been shot down, or had it crashed—as would happen to a flight controlled by Richard Secord in October, 1986—the United States would deny any connection. Happily for the new division, there were no such foul-ups. And though the officers involved did not realize it at the time, their success in this task marked the beginning of the Reagan administration's covert operation to destabilize the Sandinista regime and aid the Contras.

It was an impressive beginning. The CIA had turned first to the supersecret National Security Agency, which coordinates and conducts electronic intelligence around the world. But the NSA could not do the job, because any ground stations it could set up would be ineffective in monitoring constantly moving transmitters.

Enter the Special Operations Division. It leased a Beechcraft King Air 100, a versatile airplane with a range of 1,200 nautical miles, and flew it to Nashua, N.H., where the division paid hundreds of thousands of dollars to an electronics firm to install state-of-the-art communications, electronic eavesdropping and aerial-reconnaissance equipment so sensitive that it could pick up ground radio communications even when flying at altitudes above 25,000 feet. Seaspray then transported the plane to San Pe-

Quick Response: The custom Star Wars choppers

dro Sula, and the mission began. According to NSA sources, the intelligence "take" was phenomenal. Electronic recordings showing rebel locations and their planned attacks were forwarded to NSA for dispatch to the Salvadoran government. Under the code name "Queens Hunter," the mission lasted three years, monitoring suspected cross-border intrusions and weapons-supply routes in addition to communications between Sandinista forces in Nicaragua and leftist rebels in El Salvador and Honduras.

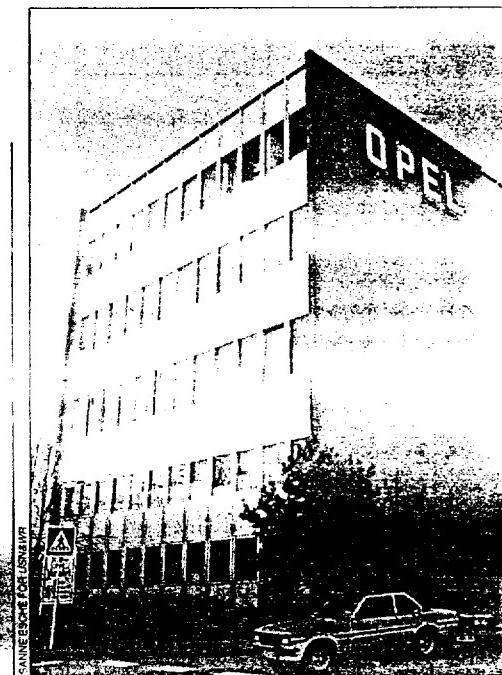
Yellow Fruit blossoms

Despite the spectacular success—the Army's electronic-eavesdropping operation, according to NSA sources, would account for 70 percent

Bugging Soviet cars and Panamanian abodes

One of the most impressive of the Pentagon's secret units was the Quick Reaction Team. A small and elite team, QRT specialized in electronic surveillance. It scored some stunning successes. One of the biggest involved the Soviet military attachés stationed in West Germany. Looking for new ways to spy unobtrusively on the Soviets in 1981, Army intelligence agents decided to plant an undetectable bug in one of the Soviet mission's cars. A top official of the Soviet liaison team had ordered an American Chevrolet. Army agents intercepted the car and outfitted it with eavesdropping transmitters built into the interior.

To wire other cars, Army intelligence devised an ingenious scheme. Agents discovered that the Soviets had ordered a fleet of customized diplomatic cars from the Opel plant in Rüsselsheim, 15 miles from Frankfurt. The agents developed a plan to gain access to the plant at night, take apart the car, install a sophisticated transmitter into its frame and re-



The Opel plant in Rüsselsheim